

Message Text

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17/13

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 CIAE-00 DODE-00

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 0478

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E.O. 11652: N/A

TAGS: EFIN, HU

SUBJECT: AMBASSADOR'S CALL ON FEKETE

REF: STATE 202119

1. QUESTION OF PAYMENT OF INDIVIDUAL US CITIZENS' CLAIMS PREVIOUSLY SETTLED WITH GOH FOR COMPENSATION IN FORINTS RAISED WITH FEKETE DURING CALL BY AMBASSADOR. AMBASSADOR NOTED PREAMBLE OF CLAIMS AGREEMENT REFERRED TO "OUTSTANDING" CLAIMS AND THAT OUR UNDERSTANDING WAS THAT HUNGARY WOULD CONTINUE TO PAY PREVIOUSLY ADJUDICATED CLAIMS FROM BLOCKED ACCOUNTS. HOWEVER, THERE HAD RECENTLY BEEN DIFFICULTY IN AT LEAST ONE CASE, AND INDIVIDUAL HAD BEEN REFERRED TO US FOR PAYMENT.

2. IN REPLY FEKETE MAINTAINED THAT HE AND DEPARTMENT NEGOTIATOR CARL SALAANS HAD GIVEN PARTICULAR ATTENTION AT END OF NEGOTIATIONS TO LISTS OF SEVERAL HUNDRED MISCELLANEOUS SITUATIONS DURING HIS VISIT TO US IN OCTOBER 1972. AT THAT TIME HE AND SALAANS HAD AGREED TO ADD AN ADDITIONAL FIGURE OF ABOUT "\$200,000" OR SO, AND THEN BECAUSE OF A FURTHER ASPECT ABOUT ANOTHER \$50,000, TO SETTLEMENT FIGURE TO COVER A NUMBER OF MISCELLANEOUS PROBLEMS OF THIS SORT. (HE NOTED HE HAD

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DELIBERATELY NOT READ MATERIALS ON INDIVIDUAL CASES

PRESENTED BY BOTH SIDES--AND UNDERSTOOD SALAANS HAD NOT EITHER--BECAUSE ISSUE WAS RESOLVABLE ONLY ON BASIS OF LUMP SUM AGREEMENT AND AGREEMENT MIGHT HAVE BEEN PREVENTED HAD IT BEEN NECESSARY TO EXAMINE MERITS OF EACH INDIVIDUAL CASE). FEKETE STATED FURTHER THAT HE AND SALAANS HAD AGREED ON THIS SOLUTION AMONG OTHER THINGS IN ORDER TO BENEFIT US CLAIMANTS SINCE BANK NOT PERMITTED UNDER GOH REGULATIONS TO COMPLETELY UNBLOCK CLAIMANTS' FORINT ACCOUNTS AND ALLOW THEM TO CONVERT BALANCES INTO DOLLARS. HE SAID THAT HE THOUGHT KWIATEK AND WILGIS MIGHT ALSO BE FAMILIAR WITH THIS UNDERSTANDING.

3. FEKETE SAID THAT SITUATIONS WHERE MONEY STILL HELD IN ACCOUNTS BY GOH (SUCH AS REF CASE), HAD NOT BEEN FINALLY SETTLED SINCE GOH HAD NOT FULLY COMPENSATED CLAIMANTS. THOSE PORTIONS NOT YET PAID TO CLAIMANTS BY GOH SHOULD NOW BE ASSUMED BY USG.

4. ACTION REQUESTED: DEPARTMENT REQUESTED TO CONTACT SALAANS TO CLARIFY RESPECTIVE UNDERSTANDING ON THIS POINT. EMBASSY ECONOMIC OFFICER RECALLS BEING TOLD AT TIME OF SIGNING OF CLAIMS AGREEMENT IN MARCH THAT A \$250,000 SUM HAD BEEN SET ASIDE FOR MISCELLANEOUS CLAIMS. OTHER THAN THE ONE WORD IN THE PREAMBLE "OUTSTANDING", TEXT OF AGREEMENT APPEARS TO US TO CONFORM MORE CLOSELY TO WHAT FEKETE SAID THAN TO POSITION WE PRESENTED TO HIM. KEY THING, HOWEVER, IS WHAT MEETING OF MINDS ON THIS POINT WAS. IF DEPT STILL BELIEVES FEKETE IS NOT CORRECT, WE WILL NEED CONSIDERABLE DETAIL FOR NEXT PRESENTATION, AS HE HIMSELF HAS A LIVELY RECOLLECTION OF THE DETAILS OF THE NEGOTIATIONS.
PEDERSEN

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